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SOME QUESTIONS . . . AND ANSWERS

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U.S. DEPARTMENT OF AGRICULTURE



on WHERE and HOW to get a FARM

VETERANS and others who want to farm ask a great variety of questions about farming. Letters to the Department of Agriculture vary greatly in the types of information requested. Many want answers to special questions. But, in addition, nearly all want to know (1) where to get farms and (2) how to get help in acquiring them. The purpose of this pamphlet is to answer some of these questions.

Where Are the Farms?

Many questions are from those who do not have a specific farm or location in mind. They frequently ask:

Can I get a free homestead? The answer to this question comes close to being "No." Very little public land is left in continental United States that is suitable for farming. The Federal homestead laws are still on the books but the public lands held by the Government have been pretty well picked over.

Settlement of public land for farming, in the States, is not permitted under the law unless the land first has been classified as best suited for that purpose. Then, an applicant for a homestead must swear that he personally examined the land. Occasionally, someone who knows a particular area—usually a person who lives nearby—can locate a tract that will pass the suitability test; but during the last few years only a little more than a hundred tracts a year, on the average, have been classified as being suitable for farming. The few tracts that may be available usually will be in the rough and you would have to do a lot of hard work and spend considerable time and money before you could earn a living from one of them.

The homestead laws involving public lands in the United States and Alaska are administered by the Bureau of Land Management, U. S. Department of the Interior, Washington 25, D. C. To find out more about homesteading possibilities, write to that Bureau.

What about a farm in Alaska? There is some land that may be homesteaded in Alaska and some that may

be bought. Certain areas are suitable for farming, but the chances for success on such farms are limited by lack of markets and transportation facilities. Alaska exports few farm products, and the local demand is only for what can be sold to the military and in the established towns and communities. Only about 100,000 people live in this vast territory. Despite a postwar surge of homesteading in the Territory, agricultural development has been meager.

Before going there to live one should get information about the climate, farming conditions, and markets in the particular area in which he is interested. The best sources for such information are the Director, Agricultural Extension Service, College, Alaska; and the Director, Alaska Experiment Station, Palmer, Alaska. For information about how to acquire or lease public lands in Alaska, write to the Bureau of Land Management, U. S. Department of the Interior, Washington 25, D. C., or Manager of the Land Office at Anchorage or Fairbanks, Alaska.

One should remember, too, that many who will go to Alaska to settle will be people who are willing to pioneer and who will not depend on farming alone for a living. Two publications, "Some Economic Aspects of Farming in Alaska" and "Markets for the Products of Cropland in Alaska," may be had from the Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington 25, D. C.

Will there be farms for sale from Army camp areas and other surplus military lands? Yes, a few surplus farms become available from time to time. But most of such lands, declared surplus after World War II, have been disposed of.

Information about any available tracts can be obtained from the General Services Administration, Surplus Real Property Division. Write to the regional office nearest you: Boston, Mass.; New York City; Washington, D. C.; Atlanta, Ga.; Chicago, Ill.; Kansas City, Mo.; Dallas, Tex.; Denver, Colo.; San Francisco, Calif.; or Seattle, Wash.

Are more farms to be opened up through irrigation and drainage? Through drainage and improvement of cutover lands, several thousand farms could be developed in the Mississippi Delta and in scattered areas throughout the country. Such drainage and cutover development usually has been by private enterprise, sometimes through the setting up of drainage districts under State laws. Such land generally will have to be sought out and purchased from the owners, by individuals or by groups of prospective farmers interested in developing it. See Circular No. 825, "Farm Land Development, Present and Future," and Technical Bulletin 1082, "Major Uses of Land in the United States," Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington 25, D. C.

Some farm tracts are made available every year on western irrigation projects of the Bureau of Reclamation. The number of tracts made ready will depend on the progress of construction of irrigation facilities. Irrigation or reclamation projects of the Bureau make available three kinds of lands: (1) A few remaining tracts of public land which may be homesteaded when water is made available; (2) lands acquired by the Government on reclamation projects and offered for sale as soon as water can be supplied; and (3) privately owned lands on reclamation projects offered for sale by the individual owners when the irrigation projects are completed. If a private owner offers land for sale within a reclamation project area, it is wise to check with the project manager before buying, to be sure the land actually will get water. If you want to know more about these irrigation farms, request a copy of "Settlement Opportunities on Reclamation Projects" from the Bureau of Reclamation, Department of the Interior, Washington 25, D. C. This pamphlet outlines, by calendar year, the settlement program of the Bureau of Reclamation and sets forth the requirements and qualifications for applicants.

Where are the farms that can be bought now? Most of the farms available at present are farms that can be bought from present owners—farms for sale by farmers retiring from work or changing to other occupations and farms for sale by absentee owners. About 250,000 farms and farm tracts changed hands by voluntary sale last year. These are privately owned farms, and the Federal Government, of course, has no list of them. Definite and reliable information about them can be had only in the counties from persons who are able to keep up with changing local conditions. (See section below, How can I get help in acquiring a farm?)

What about part-time farms? There is considerable acreage of privately owned land within an hour's drive of most towns and industrial centers from which small tracts might be bought and developed by persons who want rural homes or part-time farms. Usually, these small sites are not meant to be self-supporting. They are paid for chiefly from outside income and it may be that the purchase of such a place and its improvement will have to be financed simply as a home. Loans for homes and part-time farms, as well as regular farms, may be guaranteed under the "GI Bill of Rights," as amended. In some cases, where the larger part of the purchaser's income is to be from farm crops or livestock, a part-time

farm can be financed as a farm unit. Write to the United States Department of Agriculture, Washington 25, D. C., for circulars on "Part-Time Farming."

Persons wishing to engage in such special enterprises as the production of domestic rabbits, pen-raised fur animals, guinea pigs, and white rats and mice, can get information on the subject from the United States Department of Agriculture, Washington 25, D. C. But for information on fur animals in the wild, game birds, and fish culture, write to the Fish and Wildlife Service, Department of the Interior, Washington 25, D. C. There are sometimes pitfalls in these special enterprises so it is wise for a beginner to study the subject thoroughly and be sure he is on sound footing before undertaking one or more of them. This warning applies particularly if the enterprises are planned for profit.

How Can I Get Help in Acquiring a Farm?

In the process of getting started in farming we can get many helps along the way. Questions often asked about such aids and the answers follow:

Where can I get help in making up my mind about farming? Information to help a prospective farmer make up his mind as to whether he wants to farm, where he wants to farm, and the type of farming he wishes to follow, can be had by writing to the Department of Agriculture, Washington 25, D. C. Ask for such booklets or leaflets as, "Getting Started in Farming" and "Using Credit to Farm." Farmers' Bulletins on many specific farm subjects are also available.

Veterans may take various courses of study—including on-the-farm training—paid for by Veterans' Administration. Inquire at nearest regional office or seek counsel at State agricultural colleges, listed on back page.

Where can I get advice and help if I know the State in which I want to farm? When a man has decided on the State in which he would like to locate—whether to rent or buy a farm—he can get in touch with the State College of Agriculture for information especially applicable to that State. He can write to the State Director of the Extension Service, usually located at the college. State experiment stations, which constantly study and issue reports on State and regional farm problems, also usually have offices at the colleges. Addresses are listed on the back page.

Who can give advice about particular farms? When one has selected the county in which he wants to settle, he can seek the advice and assistance of the county agricultural agent. The county agent (usually located at the county seat, or his address may be obtained from the State extension director) can help the prospective farmer size up individual farm plans and can give him other advice about the particular farm or farms in which he may be interested.

The county agent, or a committee of farmers in the county asked to work with him, can advise a prospective farmer about any farms in the county that might be for sale or rent, the crops suitable to the county, local farming practices, how much debt is safe, how to rent a place, and the size of farm necessary to support a family. In short, the county agent and the committee can give first-hand advice suited to individual needs, based on local conditions and knowledge of particular farms.

Who can advise about loans? One man's own financial problem may be just a little different from another's. For this reason, there is nothing that will quite take the place of an across-the-table talk with reliable people of the county in which one expects to buy his farm. The county agricultural agent can give preliminary suggestions on loans. But when one reaches the point where he is seriously considering the purchase of a particular farm, he will want to talk with local bankers and representatives of other lending agencies in the county.

What kind of loan should I get? A would-be borrower should remember that every loan must stand or fall on its own merit and that all the answers about a particular loan cannot be given here. This pamphlet can, of course, outline in a general way what loans are to be had for purchasing, equipping, and operating a farm.

If a prospective farmer has cash for a down payment amounting to one-fourth to one-half of the appraised value of the farm to be bought, he will have several credit sources to choose from—perhaps to bargain with. There may be a bank in the county where the farm is located. There are the insurance companies and individual lenders. Maybe the person selling the property will accept a purchase-money note with satisfactory payments. Or it may be possible to get a long-term "Land Bank" loan through the district Federal Land Bank, one of the lending institutions supervised by the Farm Credit Administration.

Farm Credit Administration district offices are located in a dozen principal cities (Springfield, Mass.; Baltimore, Md.; Columbia, S. C.; Louisville, Ky.; New Orleans, La.; St. Louis, Mo.; St. Paul, Minn.; Omaha, Nebr.; Wichita, Kans.; Houston, Tex.; Berkeley, Calif.; and Spokane, Wash.) and all agricultural counties are served by national farm loan associations. Each of these is a sort of local office set up by farmers to handle Federal Land Bank loans.

These Land Bank loans may be made to farmers or prospective farmers whose income is to come mostly from farming. A main advantage is that they may be paid off in regular payments, over a long period—up to 34 years. If money is available any part of the loan can be paid off in advance. The interest rate on Land Bank loans, through National Farm Loan Associations, is 4 percent except in the Springfield and Baltimore districts, where it is 4½ percent, and the Columbia district, where it is 5 percent.

The local Production Credit Association is another lending unit supervised by the Farm Credit Administration. Short-term loans for equipping and operating a farm may be obtained at reasonable interest rates from the Association that serves the county in which the farm is located. For further information about these long-and short-term loans, see Farm Credit Administration leaflets, "Land Bank Loans," and "Loans by Production Credit Associations," or write to the central office of the Farm Credit Administration, Washington 25, D. C.

What if I am short on cash? World War II veterans who are experienced or trained in farming but who have insufficient ready cash for the usual down payment may find their way to farm ownership through one of two governmental provisions. (1) The Farmers Home Administration Farm Ownership Program, and (2) The Loan Guaranty Provision of the "GI Bill of Rights." Only

veterans may get the GI loan; nonveterans also may apply for Farmers Home Administration loans.

The Farmers Home Administration gives preference to veterans in making 40-year loans for the purchase, enlargement, or improvement of family-type farms. County supervisors give borrowers individual guidance, as needed, in planning and carrying on their farming.

The loans are limited to applicants with farming experience, veterans or nonveterans, who cannot get the necessary credit elsewhere in their communities at interest of 5 percent or less. Loans may be repaid on a variable-payment plan. Larger payments may be made in good crop years so that smaller payments may be made in later years that may be less profitable.

Applications for loans are made at local offices in the county seat of most agricultural counties. A committee composed of three local citizens passes on applications. They consider three important questions: Is the applicant likely to be a successful farmer? Can he find a desirable farm? Can the farm be bought at a price so it can be made to pay for itself?

The interest rate on farm-ownership loans is 4 percent. A down payment is desirable but is not essential. A loan cannot be made for a farm of greater value than the average efficient family-type farm in the same county or locality. The value of the farm is decided by careful appraisal of its normal earning capacity. Loans are not made for part-time farming. A disabled veteran, however, is eligible under the law for a loan to buy a farm smaller than an economic family-type unit, provided it is adequate to produce an income which, combined with his pension, will cover expenses and retire the debt. This disabled veteran is expected to get most of his income, other than his pension, from farming.

In addition to direct loans for farm real estate, the Farmers Home Administration is authorized to insure mortgages on similar loans made by private lenders.

Short-term credit for operating—buying seed, feed, fertilizer, farm equipment, and livestock and paying family living expenses—also may be obtained from Farmers Home Administration for periods of 1 to 5 years, at 5 percent interest. Water-facilities loans are made in the 17 Western States for periods up to 20 years, at 3 percent. Loans are also made for construction or repair of farmhouses and barns.

For further information go to county Farmers Home Administration office nearest farm or write to the Farmers Home Administration, United States Department of Agriculture, Washington 25, D. C.

The Loan Guaranty Provision of the "GI Bill of Rights" (*Servicemen's Readjustment Act of 1944, as amended*) is intended to make it easier for World War II and Korean War veterans to borrow from local banks or other lenders. This law provides for partial guaranty by the Veterans Administration of loans to such veterans to buy farm land, livestock, and equipment, or to improve and operate farms. Unremarried widows of persons who met the service requirements and died, in service or after discharge, as result of service-connected injury or disease, are considered veterans.

As much as 50 percent of the loan can be guaranteed, provided this 50 percent does not exceed \$4,000 for real-estate loans or \$2,000 for non-real-estate loans. This means that on real-estate loans of \$8,000 or more, the guaranty can be only \$4,000; on real-estate loans under \$8,000, the guaranty can be only 50 percent of the loan. Note that the amount guaranteed on loans for livestock and equipment, money to operate a farm, or other non-real-estate loans, cannot exceed \$2,000. The Veterans Administration does not lend a veteran money outright but, in effect, endorses his note, within the limits given above. But there are some strings attached. He must know how to farm, be able to locate a productive farm at reasonable value—as determined by an appraiser approved by the Veterans Administration—and satisfy the bank or other lender that he is able to operate it on a sound basis.

The Act as amended permits the Veterans Administration—under certain conditions and in certain areas—to make a direct loan for the construction or repair of a farmhouse on a farm already owned by the veteran. (Authority to make these direct loans expires June 30, 1954, unless extended by Congress.) One of the requirements is that the veteran be unable to obtain the construction or repair loan from the Farmers Home Administration.

Payments may be arranged so as to repay the loan over a period of years—40 years or less for real-estate loans, 10 years or less for non-real-estate loans. The **Interest Rate** on regular GI guaranteed loans, real-estate or non-real-estate, is 4½ percent or less. But a rate as high as 5.7 percent may be charged on a non-real-estate loan when made by federally or State supervised lenders if they handle the loan under the insured plan provided in the law instead of the usual guaranty plan. (For details of the insured plan or other information, see your lender. When necessary, he will consult the nearest regional office of the VA.) Instead of free interest for the first year, the amended act provides that 4 percent of the amount guaranteed or insured will be paid by the VA, for the veteran, on the principal of the loan.

The GI Bill does not limit the size of the loan or loans. That is up to the lender. But the total guaranty issued for any one veteran is limited as above. It is up to the veteran, of course, to guard against an unsafe debt load. Get on-the-spot information from the County Agent. Ask the Bureau of Agricultural Economics (Washington 25, D. C.) for "Current Developments in the Farm Real Estate Market." Ask also for Farm Credit Administration Circular, "Using Credit to Farm."

Applications may be made for GI loans by World War II veterans any time before July 25, 1957; by Korean veterans at any time within 10 years after such date as shall be determined by the President or by Congress.

Where should I apply for the "GI Loan Guaranty"? The bank, mortgage company, or other lending agency from which the veteran expects to get his loan will explain the regulations pertaining to his particular case and help him to make proper application for the guaranty. It is well to remember that if one lender refuses to make a loan, another lender may be sought. Also, a request for a loan on one piece of property might be turned down, while an application by the same person on a different piece of property might be approved. A veteran's loan, like any other, should be negotiated on individual merit. He is "selling" himself and his security—he can shop around.

Addresses of State Directors of Extension Service

School of Agriculture, Auburn, Alabama. University of Alaska, College, Alaska. College of Agriculture, Tucson, Arizona. College of Agriculture, Fayetteville, Arkansas. College of Agriculture, Berkeley, California. Colorado State College of Agriculture and Mechanic Arts, Fort Collins, Colorado. College of Agriculture, Storrs, Connecticut. School of Agriculture, Newark, Delaware. College of Agriculture, Gainesville, Florida. College of Agriculture, Athens, Georgia. College of Agriculture, Moscow, Idaho. College of Agriculture, Urbana, Illinois. School of Agriculture, Lafayette, Indiana. Iowa State College of Agriculture and Mechanic Arts, Ames, Iowa. Kansas State College of Agriculture and Applied Science, Manhattan, Kansas. College of Agriculture, Lexington, Kentucky. Agricultural and Mechanical College, Baton Rouge, Louisiana.

College of Agriculture, Orono, Maine. College of Agriculture, College Park, Maryland. Massachusetts State College, Amherst, Massachusetts. Michigan State College of Agriculture and Applied Science, East Lansing, Michigan. Department of Agriculture, University of Minnesota, University Farm, St. Paul, Minnesota. Mississippi State College, State College, Mississippi. College of Agriculture, Columbia, Missouri. Montana State College, Bozeman, Montana. College of Agriculture, Lincoln, Nebraska. College of Agriculture, Reno, Nevada. College of Agriculture and Mechanic Arts, Durham, New Hampshire. State College of Agriculture and Mechanic Arts, New Brunswick, New Jersey. New Mexico College of Agriculture and Mechanic Arts, State College, New Mexico. New York State College of Agriculture, Ithaca, New York. North Carolina State College of Agriculture and Engineering, State College Station, Raleigh, North Carolina. North Dakota Agricultural College, State College Station, Fargo, North Dakota. College of Agriculture, Columbus, Ohio. Oklahoma Agricultural and Mechanical College, Stillwater, Oklahoma. Oregon State College, Corvallis, Oregon. School of Agriculture, State College, Pennsylvania. School of Agriculture, Kingston, Rhode Island.

Clemson Agricultural College, Clemson, South Carolina. South Dakota State College of Agriculture and Mechanic Arts, Brookings, South Dakota. College of Agriculture, Knoxville, Tennessee. Agricultural and Mechanical College of Texas, College Station, Texas. Utah State Agricultural College, Logan, Utah. College of Agriculture, Burlington, Vermont. Virginia Agricultural and Mechanical College, Blacksburg, Virginia. State College of Washington, Pullman, Washington. College of Agriculture, Morgantown, West Virginia. College of Agriculture, Madison, Wisconsin. College of Agriculture, Laramie, Wyoming.

Addresses of State Directors of Experiment Stations are the same as for the Extension offices, with the following exceptions: Address the Georgia Agricultural Experiment Station at Experiment. Address the Ohio Agricultural Experiment Station at Wooster.

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United States Department of Agriculture, Washington 25, D. C.

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